

PT 97-18
Tax Type: PROPERTY TAX
Issue: Government Ownership/Use

STATE OF ILLINOIS
DEPARTMENT OF REVENUE
OFFICE OF ADMINISTRATIVE HEARINGS
SPRINGFIELD, ILLINOIS

CITY OF MARION)		
Applicant)		
)	Docket #	94-100-39
v.)		
)	Parcel Index	#06-07-300-017
THE DEPARTMENT OF REVENUE)		
OF THE STATE OF ILLINOIS)		

RECOMMENDATION FOR DISPOSITION

Synopsis:

The hearing in this matter was held at 2309 West Main Street, Marion, Illinois, on June 24, 1996, to determine whether or not Williamson County Parcel No. 06-07-300-017 qualified for exemption from real estate taxation for the 1994 assessment year.

Mr. Roger Karcher, director of accounting for Marion Memorial Hospital, and Ms. Sally Seyfert, office manager for Dr. Thomas P. Hyde, were present and testified on behalf of the City of Marion, (hereinafter referred to as the "City")

The issues in this matter include first, whether the City owned this parcel during the 1994 assessment year. The second issue is whether Marion Memorial Hospital (hereinafter referred to as "Hospital") is owned by the City. The third issue is whether this parcel is outside of the corporate limits of the City. The final issue is whether this parcel and the building thereon was used for hospital purposes during the 1994 assessment year. Following the submission

of all of the evidence and a review of the record, it is determined that the City owned this parcel during the entire 1994 assessment year. It is also determined that the Hospital is owned by the City. It is further determined that this parcel is outside of the corporate limits of the City. It is finally determined that this parcel and the building thereon were partially used for hospital purposes during the 1994 assessment year.

Findings of Fact:

1. The position of the Illinois Department of Revenue (hereinafter referred to as the "Department") in this matter, namely that this parcel did not qualify for exemption during the 1994 assessment year, was established by the admission in evidence of Department's Exhibits numbered 1 through 5B.

2. The City acquired this parcel by a trustee's deed dated September 21, 1993. (Dept. Ex. No.1D)

3. The bylaws of the Hospital recite that the Hospital is owned by the City pursuant to the authority of Ordinance No. 254, dated March 15, 1950. (Appl. Ex. No. 4)

4. The parcel here in issue is located west of the corporate limits of the City, on Route 13, near Carterville. (Tr. p. 11, & Dept. Ex. No. 1)

5. This parcel is improved with a two story building. The first floor of the building, which contains 2020 square feet, is used by the Hospital as a doctor's office for Dr. Thomas P. Hyde, who is an employee of the Hospital. The second floor of this building is an apartment, which contains 1132 square feet. It was used in 1994 by Mr. Cliff Hickam, as his residence. (Tr. pp. 9-12, & Appl. Ex. No. 2)

6. Ms. Sally Seyfert, as well as the other employees working in the Doctor's office on the first floor of this building were all employees of the Hospital. (Tr. pp. 10 & 11)

7. Patients of Dr. Hyde were billed from this office. When payments were received, the monies were deposited in the Hospital account. (Tr. pp. 9 & 10)

8. Dr. Hyde's specialty is oncology/hematology. (Tr. p. 11)

Conclusions of Law:

Article IX, Section 6, of the Illinois Constitution of 1970, provides in part as follows:

The General Assembly by law may exempt from taxation only the property of the State, units of local government and school districts and property used exclusively for agricultural and horticultural societies, and for school, religious, cemetery and charitable purposes.

35 **ILCS** 200/15-60 provides in part as follows:

All property owned by any city or village outside of its corporate limits is exempt if used exclusively for municipal or public purposes.

It is well settled in Illinois, that when a statute purports to grant an exemption from taxation, the fundamental rule of construction is that a tax exemption provision is to be construed strictly against the one who asserts the claim of exemption. International College of Surgeons v. Brenza, 8 Ill.2d 141 (1956). Whenever doubt arises, it is to be resolved against exemption, and in favor of taxation. People ex rel. Goodman v. University of Illinois Foundation, 388 Ill. 363 (1944). Finally, in ascertaining whether or not a property is statutorily tax exempt, the burden of establishing the right to the exemption is on the one who claims the exemption. MacMurray College v. Wright, 38 Ill.2d 272 (1967).

Based on the foregoing, I conclude that this parcel was owned by the City and located outside of the corporate limits of the City during 1994. I also conclude that this parcel was improved with a building the first floor of which, contained 2020 square feet, was used as a physician's office by a physician who was an employee of the Hospital. The operation of a hospital is a municipal purpose in Illinois. See 65 **ILCS** 5/11-22-1 et seq.

The second floor of the building on this parcel, which contains 1132 square feet, I conclude, was leased to Mr. Cliff Hickam, for use as his residence. The leasing of the second floor to Mr. Hickam, to use as his residence, was clearly not a municipal or public purpose.

Based on the foregoing, I recommend that 36% of Williamson County parcel number 06-07-300-017 and 36% of the building thereon, remain on the tax rolls for the 1994 assessment year. I further recommend that real estate taxes on said 36% of said parcel and 36% of said building be assessed to the City of Marion, the owner thereof.

I further recommend that 64% of Williamson County parcel number 06-07-300-017 and 64% of the building located thereon, be exempt from real estate taxation for the 1994 assessment year.

Respectfully Submitted,

George H. Nafziger
Administrative Law Judge
May 19, 1997